

**Dubai Islamic Insurance &
Reinsurance Co. (Aman) (PSC)
Dubai - United Arab Emirates**

**Review report and interim
financial information
for the period from 1 January 2017
to 30 September 2017**

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)** (the "Company") and its **Subsidiaries** (collectively the "Group") as at 30 September 2017 and the related condensed consolidated income statement, comprehensive income, changes in equity and cash flows for the period from 1 January 2017 to 30 September 2017. Management of the Group is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.

Emphasis of matter

We draw attention to Note 21 to the interim financial information which explains that the Group entered into an agreement with an ex-management key member on 9 July 2013 for the payment for and/or transfer of certain assets and investments that were held by him on trust and for the benefit of the Group. As of the date of this report, assets with a total carrying value of AED 11.9 million which are still in his name or owing from him, have not been yet transferred or paid to the Group. The Group is pursuing litigation in regards to the transfer of these assets which involves a degree of uncertainty as to the full and timely recoverability of these assets. The Board of Directors remains confident with respect to the realization as a minimum of the carrying value of assets and therefore no adjustments to the carrying value of the assets are required.

Our conclusion is not modified in respect of the above matter.

Deloitte & Touche (M.E.)



Musa Ramahi
Registration No. 872
12 November 2017

**Condensed consolidated statement of financial position
as at 30 September 2017**

	<i>Notes</i>	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
ASSETS			
Cash and bank balances	4	54,415,534	58,121,643
Statutory deposit	5	10,000,000	10,000,000
Retakaful contract assets:			
Unearned contribution reserve	6	71,275,840	117,455,023
Claims reported unsettled	6	119,747,606	122,054,316
Mathematical reserve	6	12,217,962	14,157,992
Claims incurred but not reported	6	39,300,398	23,865,175
Takaful receivables		75,727,985	86,293,655
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	7	101,660,565	97,891,280
Other financial assets measured at fair value through profit and loss (FVTPL)	7	644,614,766	607,353,075
Prepayments and other receivables		12,997,155	12,002,157
Deferred policy acquisition costs		7,575,728	9,069,308
Due from related parties	16	5,804,391	3,164,112
Investment property	8	66,500,000	66,500,000
Furniture and equipment		3,276,130	4,122,383
Total Assets		1,225,114,060	1,232,050,119
LIABILITIES, POLICYHOLDERS' FUND AND EQUITY			
Liabilities			
Due to Bank		12,469,853	10,667,340
Trade and other payables		62,285,775	74,702,816
Takaful payables		77,106,509	77,655,047
Due to related parties	16	3,478,123	6,142,519
Takaful contract liabilities:			
Unearned contribution reserve	6	127,017,298	180,529,905
Claims reported unsettled	6	146,019,662	148,137,195
Mathematical reserve	6	14,700,654	16,999,857
Claims incurred but not reported	6	63,528,384	48,428,978
Unallocated loss adjustment expenses	6	1,494,561	1,646,397
Unit linked liabilities	6	635,842,814	595,587,545
Murabaha and Ijara payables		10,250,000	10,250,000
Deferred discount		5,265,290	4,850,101
Amounts held under retakaful treaties		5,555,094	3,879,455
Total Liabilities		1,165,014,017	1,179,477,155

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position (continued)
as at 30 September 2017

	<i>Notes</i>	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Policyholders' fund			
Deficit in policyholders' fund		(197,565,722)	(189,367,124)
Qard Hassan from shareholders		197,565,722	189,367,124
Policyholders' investments revaluation reserve	9	(16,681,596)	(17,390,119)
Total deficit in policyholders' fund		(16,681,596)	(17,390,119)
Total Policyholders' Fund and Liabilities		1,148,332,421	1,162,087,036
Equity			
Share capital	10	225,750,000	225,750,000
Legal reserve	11	-	18,729,615
General reserve	12	-	18,729,615
Investments revaluation reserve - FVTOCI		(71,747,917)	(74,808,679)
Accumulated losses		(76,527,040)	(118,029,974)
Equity attributable to shareholders of the Parent		77,475,043	70,370,577
Non-controlling interest		(693,404)	(407,494)
Total Equity		76,781,639	69,963,083
Total Liabilities, Policyholders' Fund and Equity		1,225,114,060	1,232,050,119



Jihad Faitrouni
Chief Executive Officer



Mohammed Omeir Yousef Almheiri
Chairman



Condensed consolidated income statement (Un-audited)
for the period from 1 January 2017 to 30 September 2017

		Nine months period ended 30 September		Three months period ended 30 September	
	Note	2017 AED	2016 AED (Restated)	2017 AED	2016 AED (Restated)
Attributable to policyholders					
Takaful income					
Gross takaful contribution		246,733,320	279,699,010	64,437,965	89,910,670
Retakaful share of accepted business		(116,882,609)	(128,620,662)	(32,483,598)	(52,150,111)
Retakaful share of ceded business		(39,002,102)	(28,932,095)	(8,836,236)	(10,248,907)
Net takaful contributions		90,848,609	122,146,253	23,118,131	27,511,652
Net transfer to unearned contribution reserve		7,333,424	753,654	7,868,479	10,272,352
(Increase)/decrease in mathematical reserve		359,173	(2,466,714)	155,798	(1,387,267)
Net takaful contributions earned		98,541,206	120,433,193	31,142,408	36,396,737
Discount received on ceded retakaful		10,962,382	12,253,213	2,573,534	1,501,997
Policy fees		10,333,863	15,787,627	3,101,610	6,617,137
		119,837,451	148,474,033	36,817,552	44,515,871
Takaful expenses					
Gross claims incurred		(103,246,313)	(148,733,259)	(28,925,112)	(38,059,300)
Retakaful share of accepted business claims		24,352,831	47,815,476	5,597,444	7,548,352
Retakaful share of ceded business claims		16,037,313	15,183,753	5,161,649	2,852,473
Net takaful claims		(62,856,169)	(85,734,030)	(18,166,019)	(27,658,475)
Provision for claims reported unsettled		2,117,533	(1,931,336)	(3,906,184)	4,468,815
Retakaful share of claims reported unsettled		(2,306,710)	2,539,599	4,084,033	(3,629,982)
(Increase)/decrease in claims incurred but not reported		335,817	(10,419,330)	(680,214)	(2,508,134)
(Increase)/decrease in unallocated loss adjustment expenses		151,836	-	(23,652)	112,777
Net claims incurred		(62,557,693)	(95,545,097)	(18,692,036)	(29,214,999)
Excess of loss of takaful contribution		(4,799,994)	(5,876,131)	(996,064)	(2,230,850)
		(67,357,687)	(101,421,228)	(19,688,100)	(31,445,849)
Net takaful income		52,479,764	47,052,805	17,129,452	13,070,022
Wakala fees	13	(60,828,006)	(51,628,302)	(15,269,488)	(12,430,155)
Investment income	14	199,525	2,316,062	92,159	497,190
Mudarib's share	13	(49,881)	(579,015)	(23,029)	(124,297)
Net (loss)/income from takaful operation for the period		(8,198,598)	(2,838,450)	1,929,094	1,012,760

The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed consolidated income statement (Un-audited)
for the period from 1 January 2017 to 30 September 2017 (continued)

		Nine months period ended 30 September		Three months period ended 30 September	
	Note	2017 AED	2016 AED (Restated)	2017 AED	2016 AED (Restated)
Attributable to shareholders					
Income					
Investment income	14	1,136,252	2,547,373	531,973	558,206
Wakala fees from policyholders	13	60,828,006	51,628,302	15,269,488	12,430,155
Mudarib's share from policyholders	13	49,881	579,015	23,039	124,297
Other operating income		14,333,105	16,172,243	4,447,786	6,114,484
		<u>76,347,244</u>	<u>70,926,933</u>	<u>20,272,286</u>	<u>19,227,142</u>
Expenses					
Policy acquisition cost		(21,160,425)	(22,627,916)	(6,592,438)	(5,099,143)
General and administrative expenses		(43,230,427)	(46,280,737)	(14,344,919)	(16,479,323)
Contribution from Qard Hassan to policyholders' fund		(8,198,598)	(2,838,450)	1,929,094	1,012,760
		<u>(72,589,450)</u>	<u>(71,747,103)</u>	<u>(19,008,263)</u>	<u>(20,565,706)</u>
Profit/(loss) for the period attributable to shareholders		<u>3,757,794</u>	<u>(820,170)</u>	<u>1,264,023</u>	<u>(1,338,564)</u>
Attributable to:					
Shareholders of the parent		4,043,704	(520,099)	1,379,478	(1,325,207)
Non-controlling interests		(285,910)	(300,071)	(115,455)	(13,357)
		<u>3,757,794</u>	<u>(820,170)</u>	<u>1,264,023</u>	<u>(1,338,564)</u>
Earnings per share	15	0.018	(0.002)	0.006	(0.006)

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of comprehensive income (Un-audited)
for the period from 1 January 2017 to 30 September 2017 (continued)**

	Nine months period ended 30 September		Three months period ended 30 September	
	2017	2016	2017	2016
	AED	AED	AED	AED
		(Restated)		(Restated)
Attributable to Policyholders:				
Loss for the period	(8,198,598)	(2,838,450)	1,929,094	1,012,760
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets carried at fair value through other comprehensive income	708,523	2,605,337	701,773	2,116,403
Total comprehensive income/(loss) for the period attributable to Policyholders	<u>(7,490,075)</u>	<u>(233,113)</u>	<u>2,630,867</u>	<u>3,129,163</u>
Attributable to Shareholders:				
Profit/ (loss) for the period	3,757,794	(820,170)	1,264,023	(1,338,564)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets carried at fair value through other comprehensive income	3,060,762	2,428,858	3,031,266	2,206,795
Total comprehensive income for the period attributable to Shareholders	<u>6,818,556</u>	<u>1,608,688</u>	<u>4,295,289</u>	<u>868,231</u>
Attributable to:				
Shareholders of the parent	7,104,466	1,908,759	4,410,744	881,588
Non-controlling interests	(285,910)	(300,071)	(115,455)	(13,357)
	<u>6,818,556</u>	<u>1,608,688</u>	<u>4,295,289</u>	<u>868,231</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of changes in equity
for the period from 1 January 2017 to 30 September 2017**

	Share capital AED	Legal reserve AED	General reserve AED	Investments revaluation reserve - FVTOCI AED	Accumulated losses AED	Equity attributable to shareholders of the Parent AED	Non- controlling interest AED	Total AED
Balance at 1 January 2016 (Restated) (Audited)	225,750,000	18,950,175	18,950,175	(50,371,164)	(69,654,460)	143,624,726	(8,441,330)	135,183,396
Loss for the period	-	-	-	-	(520,099)	(520,099)	(300,071)	(820,170)
Other comprehensive income for the period	-	-	-	2,428,858	-	2,428,858	-	2,428,858
Total other comprehensive income for the period	-	-	-	2,428,858	(520,099)	1,908,759	(300,071)	1,608,688
Introduction of new share capital in non- controlling interest (Note 24)	-	-	-	-	-	-	353,000	353,000
Net change in non-controlling interest due to change in ownership percentage (Note 24)	-	-	-	-	(7,294,000)	(7,294,000)	8,091,591	797,591
Balance at 30 September 2016 (Un-audited)	225,750,000	18,950,175	18,950,175	(47,942,306)	(77,468,559)	138,239,485	(296,810)	137,942,675
Balance at 1 January 2017 (Audited)	225,750,000	18,729,615	18,729,615	(74,808,679)	(118,029,974)	70,370,577	(407,494)	69,963,083
Profit for the period	-	-	-	-	4,043,704	4,043,704	(285,910)	3,757,794
Other comprehensive income for the period	-	-	-	3,060,762	-	3,060,762	-	3,060,762
Total other comprehensive income for the period	-	-	-	3,060,762	4,043,704	7,104,466	(285,910)	6,818,556
Transfer to accumulated losses (Note 11&12)	-	(18,729,615)	(18,729,615)	-	37,459,230	-	-	-
Balance at 30 September 2017 (Un-audited)	225,750,000	-	-	(71,747,917)	(76,527,040)	77,475,043	(693,404)	76,781,639

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of cash flows (Un-audited)
for the period from 1 January 2017 to 30 September 2017**

	Nine months period ended 30 September	
	2017	2016
	(Un-audited)	(Un-audited)
	AED	AED
Cash flows from operating activities		
Profit/(loss) for the period	3,757,794	(820,170)
Adjustments for:		
Depreciation of furniture and equipment	950,252	1,168,374
(Gain)/loss on investments measured at FVTPL, net	2,344,886	(1,770,829)
Provision for employees' end of service benefits	1,062,661	401,376
Dividend income	(2,930,457)	(2,458,065)
	5,185,136	(3,479,314)
Changes in operating assets and liabilities:		
Decrease/(increase) in retakaful contract assets	34,990,700	(2,089,358)
Decrease/(increase) in takaful receivables	10,565,670	(2,556,821)
Increase in prepayments and other receivables	(994,998)	(1,179,076)
(Decrease)/Increase in takaful contract liabilities	(2,726,504)	63,056,883
Increase/(decrease) in amounts held under retakaful treaties	1,675,639	(391,758)
(Decrease)/increase in takaful and retakaful payables	(548,538)	11,682,747
Decrease in trade and other payables	(12,423,939)	(9,942,209)
(Increase)/decrease in due from related parties	(2,640,279)	5,043,014
Decrease in due to related parties	(2,664,396)	(1,259,677)
Increase in deferred discount	415,189	-
Increase in deferred policy acquisition costs	1,493,580	-
	32,327,260	58,884,431
Cash generated from operations	(1,055,764)	(18,524)
Employees' end of service benefits paid		
Net cash from operating activities	31,271,496	58,865,907
Cash flows from investing activities		
Purchase of furniture and equipment	(104,388)	(1,253,803)
Purchase of other financial assets measured at FVTOCI	-	(2,459,903)
Purchase of other financial assets measured at FVTPL	(486,061)	(3,195,317)
Proceeds from sale of other financial assets measured at FVTPL	1,135,143	5,160,033
Net increase in unit linked investments	(40,255,269)	(49,443,399)
Dividend income received	2,930,457	2,458,065
	(36,780,118)	(48,734,324)
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of Ijara payable	-	(3,226,386)
Increase/(decrease) in due to a bank	1,802,513	(431,850)
	1,802,513	(3,658,236)
Net cash from/(used in) financing activities		
Net (decrease)/increase in cash and cash equivalents	(3,706,109)	6,473,347
Cash and cash equivalents at the beginning of the period	33,121,643	31,217,405
Cash and cash equivalents at the end of the period (Note 4)	29,415,534	37,690,752
Non-cash transaction:		
Introduction of new share capital in non-controlling interest	-	353,000
Write off of loan from shareholder	-	797,591

The accompanying notes form an integral part of these condensed consolidated financial statements.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017**

1. General information

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC) (the “Company”) is registered as a public shareholding Company in Dubai, United Arab Emirates. The Company carries out general Takaful (insurance) business in accordance with the teachings of Islamic Sharia’a. The Company is also licensed to engage in retakaful and life Takaful business. The registered address of the Company is P.O. Box 157, Dubai, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003.

The Company mainly issues short term Takaful contracts in connection with motor, marine, fire and engineering, general accident risks and Company life and medical risks (collectively known as general Takaful). The Company also invests in investment securities and properties.

The Company’s business activities are subject to the supervision of its Fatwa and Sharia’a Board consisting of three members appointed by the shareholders. The Sharia’a Board performs a supervisory role in order to determine whether the operations of the Company are conducted in accordance with Sharia’a rules and principles.

The Company with its subsidiaries are together referred to as the “Group” in these condensed consolidated financial statements. At 30 September 2017, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation (or registration) and operation	Proportion of ownership profit %	Proportion of voting power held %	Principal activity
Nawat Investments L.L.C.	United Arab Emirates	100	100	Investment in commercial, industrial and agricultural enterprises and management
TechnikAuto Service Centre Co. L.L.C	United Arab Emirates	100	100	Vehicles’ repair services
Amity Health L.L.C.	United Arab Emirates	90	90	Medical billing services

The Chairman of the Group holds 1% of Nawat Investments L.L.C and 1% of Technik Auto Service Centre Co. L.L.C on behalf and for the benefit of the Group.

2. Application of new and revised International Financial Reporting Standards (“IFRS”)

2.1 New and revised IFRS applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these condensed consolidated financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle - Amendments to IFRS 12 *Disclosure of Interests in Other Entities*.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2015).	1 January 2018
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 <i>Financial Instruments</i> and the forthcoming new insurance contracts standard.	1 January 2018
Finalised version of IFRS 9 [IFRS 9 <i>Financial Instruments</i> (2014)] was issued in July 2014 incorporating requirements for impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model.	1 January 2018
• Impairment: The 2014 version of IFRS 9 introduces an ‘expected credit loss’ model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. • Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. • Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	

A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets.

A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
The interpretation addresses foreign currency transactions or parts of transactions where:	
• there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	
IFRS 15 <i>Revenue from Contracts with Customers</i> : IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
IFRS 16 <i>Leases</i> provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	1 January 2019
IFRS 17 <i>Insurance Contracts</i> requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	1 January 2021
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s condensed consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 17, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

The application of IFRS 9 and IFRS 17 may have significant impact on amounts reported and disclosures made in the Group’s condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards as the Group is in the process of performing a detailed review.

3. Summary of significant accounting policies

Basis of preparation

The condensed consolidated financial statements of the Group is prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group presents its condensed consolidated statement of financial position broadly in order of liquidity.

The Group is in the process of implementing the related requirements to comply fully with the Financial Regulations and Circular No. (4) and (9) of 2016 concerning the report requirements for insurance companies operating in the UAE. This mainly includes preparation of the financial statements and disclosures based on Appendix (1) of the Financial Regulations.

The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements for the year ended 31 December 2016.

The condensed consolidated financial statements do not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2016. In addition, results for the nine months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

As required by the Securities and Commodities Authority (“SCA”) notification dated 12 October 2008, accounting policies related to investment properties, property and equipment and financial assets have been disclosed in the condensed consolidated financial statement.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)

Significant judgments and key sources of estimation uncertainty

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

Basis of consolidation

These condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated financial statements comprise the financial statements of the Company and of the subsidiaries as disclosed in Note 1 to these condensed consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

All significant inter-group balances, income and expense items are eliminated on consolidation.

Financial instruments

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Debt instruments, including receivables related to Takaful contracts, are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and effective profit method

The effective profit method is a method of calculating the amortised cost of a debt instrument and of allocating profit income over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective profit basis for debt instruments (other than those financial assets designated as FVTPL) are measured subsequently at amortised cost. Profit income is recognised in the condensed consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, in banks and deposits in banks with original maturity not more than three months from the date of placement.

Takaful, Retakaful and other receivables

Takaful, Retakaful and other receivables that have fixed or determinable payments are measured at amortised cost using the effective profit rate method, less any impairment.

Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income (FVTOCI) (continued)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition (as described above).

Debt instruments that do not meet the amortised cost criteria (as described above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the consolidated income statement. The net gain or loss recognised in the consolidated income statement is included in the 'net investment income' line item in the consolidated income statement. Fair value is determined in the manner described in Note 20 to the consolidated financial statements.

Profit income on debt instruments as at FVTPL is included in the net gain or loss described above and is included in the 'net investment income' line item.

Dividend income on investments in equity instruments at FVTPL is recognised in the consolidated income statement when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue and is included in the net gain or loss described above.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in the consolidated income statement; and
- for financial assets that are designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the consolidated income statement.

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in profit or principal payments; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective profit rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. Changes in the carrying amount of the allowance account are recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the consolidated income statement to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised financing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated income statement.

On de-recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated income statement, but is reclassified to retained earnings.

Furniture and equipment

Furniture and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement when incurred.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the straight-line method, as follows:

Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years

The gain or loss arising on the disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statement.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the period in which the investment property is derecognised.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

4. Cash and bank balances

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Cash on hand	405,793	312,300
Bank balances:		
Wakala deposits	25,000,000	25,000,000
Current accounts	29,009,741	32,809,343
	<u>54,415,534</u>	<u>58,121,643</u>

For cash flow purposes, the cash and cash equivalents are as follows:

	30 September 2017 AED (Un-audited)	30 September 2016 AED (Un-audited)
Cash and bank balances	54,415,534	62,690,752
Deposits with original maturities of greater than three months	(25,000,000)	(25,000,000)
Cash and cash equivalents	<u>29,415,534</u>	<u>37,690,752</u>

The profit rates on Wakala deposits with Banks ranges from 1.5% to 2.0% (2016: 1.5% to 2.0%).

Wakala deposits amounting to AED 25 million (2016: AED 25 million) have maturities of over three months from the date of placement.

5. Statutory deposit

Wakala deposits held as restricted deposits are maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and are not available to finance the day to day operations of the Group.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

6. Retakaful contract assets and takaful contract liabilities

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Gross		
Takaful contract liabilities:		
Unearned contribution reserve	127,017,298	180,529,905
Claims reported unsettled	146,019,662	148,137,195
Mathematical reserve	14,700,654	16,999,857
Claims incurred but not reported	63,528,384	48,428,978
Unallocated loss adjustment expenses	1,494,561	1,646,397
Unit linked liabilities	635,842,814	595,587,545
Total takaful contract liabilities, gross	988,603,373	991,329,877
Recoverable from retakaful		
Retakaful contract assets:		
Unearned contribution reserve	71,275,840	117,455,023
Claims reported unsettled	119,747,606	122,054,316
Mathematical reserve	12,217,962	14,157,992
Claims incurred but not reported	39,300,398	23,865,175
Total retakaful share of takaful liabilities	242,541,806	277,532,506
Net		
Unearned contribution reserve	55,741,458	63,074,882
Claims reported unsettled	26,272,056	26,082,879
Mathematical reserve	2,482,692	2,841,865
Claims incurred but not reported	24,227,986	24,563,803
Unallocated loss adjustment expenses	1,494,561	1,646,397
Unit linked liabilities (Note 7)	635,842,814	595,587,545
	746,061,567	713,797,371

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

7. Other financial assets measured at fair value

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Financial assets measured at fair value through other comprehensive income (FVTOCI) (A)		
- Listed	66,302,110	62,133,269
- Unlisted	35,358,455	35,758,011
	<u>101,660,565</u>	<u>97,891,280</u>
Financial assets measured at fair value through profit and loss (FVTPL) (B)		
- Listed	8,771,952	11,765,530
- Unit linked investments (Note 6)	635,842,814	595,587,545
	<u>644,614,766</u>	<u>607,353,075</u>
Total other financial assets measured at fair value (A+B)	<u>746,275,331</u>	<u>705,244,355</u>

Investments by geographical location are as follows:

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
- Within U.A.E.	70,196,726	68,825,212
- Outside U.A.E.	676,078,605	636,419,143
	<u>746,275,331</u>	<u>705,244,355</u>

- i. FVTOCI listed and unlisted securities are carried at a value of AED 101,660,565 (2016: AED 97,891,280), with a decline in their fair value from original acquisition cost amounting to AED 88,429,513 (2016: AED 92,198,798). Of this amount, AED 71,747,917 (2016: AED 74,808,679) is deducted from shareholders' equity and AED 16,681,596 (2016: AED 17,390,119) is deducted from policyholders' fund in accordance with the allocation of investment losses to the shareholders and policyholders as approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.
- ii. Unlisted securities carried at a fair value of AED 35,358,455 (2016: AED 35,758,011) mainly represent the Group's investments in shares of companies registered in Dubai, Algeria, Kuwait and certain other international markets.
- iii. The Group owns shares of Al Salam Bank - Bahrain and Al Salam Bank - Algeria which are held by an ex-management key member (who resigned during 2013 - see Note 21) on behalf and for the benefit of the Group [Note 16 (a)].

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

8. Investment property

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Balance at beginning of the period /year	66,500,000	70,000,000
Loss on revaluation of investment property	-	(3,500,000)
Balance at end of the period /year	<u>66,500,000</u>	<u>66,500,000</u>

The Group's management reassessed the valuation internally during the nine months period ended 30 September 2017 and no material differences were noted.

The fair value of the Group's investment property is based on unobservable inputs i.e. Level 3.

9. Policyholders' investments revaluation reserve

The Group transfers to the policyholders their share of investment revaluation reserve FVTOCI from the shareholders' equity on pro-rata basis. The percentage of such allocation for the nine months period ended 30 September 2017 is identical to that used for the year ended 31 December 2016 and approved by the Group's Fatwa and Sharia'a Supervisory Board. This allocation will be revised and finalised by year end once the Board approval is obtained.

10. Share capital

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Issued and fully paid: 225,750,000 (31 December 2016: 225,750,000) ordinary shares of AED 1 each	<u>225,750,000</u>	<u>225,750,000</u>

11. Legal reserve

In accordance with United Arab Emirates Federal Law No. (2) of 2015, the Group has established a legal reserve by appropriation of 10% of the profit of the Parent Company for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

During the Annual General Assembly held on 30 April 2017, the shareholders approved to transfer legal reserve amounting to AED 18,729,615 to partially offset the accumulated losses. All regulatory approvals have been obtained during the current period.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

12. General reserve

The Group is required to transfer 10% of the profit of the Parent Company for the year to a general reserve in accordance with its Articles of Association. The reserve is available for distribution by a resolution of the shareholders of the Group at an ordinary general meeting, on the recommendation of the Board of Directors.

During the Annual General Assembly held on 30 April 2017, the shareholders approved to transfer general reserve amounting to AED 18,729,615 to partially offset the accumulated losses. All regulatory approvals have been obtained during the current period.

13. Wakala fees and Mudarib's share

The Group manages the Takaful operations for the policyholders and charges 30% of the gross Takaful contributions net of fronting contribution as Wakala fees (30 September 2016: 25%). In addition, the Group charges (2%) on fronting contribution as Wakala fees. These Wakala fees rates were approved by the Group's Fatwa and Sharia'a Supervisory Board.

During the period, no Wakala fee was charged on gross Takaful contributions amounting to AED Nil (30 September 2016: AED 73,185,804) as the Group retained insignificant risk on such contributions and commission income from such business was significantly lower than the normal commission. Management, therefore, decided not to charge Wakala fee on these Takaful contributions.

The Group also manages the Policyholders' investment funds and is entitled to 25% (30 September 2016: 25%) of net investment income earned by the Policyholders' investment funds as the Mudarib's share. The Mudarib's share is AED 49,881 (30 September 2016: 579,015).

14. Investment income

	Nine months period ended 30 September	
	2017	2016
	AED	AED
	(Un-audited)	(Un-audited)
(Loss)/gain on investments measured at FVTPL, net	(2,344,886)	1,770,829
<i>Other investment income</i>		
Income from wakala deposits	200,151	157,310
Dividend income	2,930,457	2,458,065
Rental income	550,055	477,231
	1,335,777	4,863,435
<i>Allocated to:</i>		
Policyholders	199,525	2,316,062
Shareholders	1,136,252	2,547,373
	1,335,777	4,863,435

Investment income and losses are allocated amongst the shareholders and the policyholders on a pro rata basis. This allocation to policyholders is approved by the Group's Fatwa and Sharia'a Supervisory Board on an annual basis.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

15. Earnings per share

Earnings per share are calculated by dividing profit attributable to the shareholders of the parent for the period by the weighted average number of shares outstanding during the period as follows:

	Nine months period ended 30 September	
	2017 (Un-audited)	2016 (Un-audited) (Restated)
Profit/ (loss) for the period (AED)	4,043,704	(520,099)
Weighted average number of shares outstanding during the period	225,750,000	225,750,000
Earnings per share (AED)	0.018	(0.002)

16. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control, their partners and key management personnel. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

The significant balances outstanding at reporting date in respect of related parties included in the condensed consolidated financial statements were as follows:

	30 September 2017 (Un-audited)			31 December 2016 (Audited)		
	Major shareholders AED	Other related parties AED	Total AED	Major shareholders AED	Other related parties AED	Total AED
Wakala deposits	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Carrying value of investments in ordinary shares [Note 16(a)]	-	28,194,516	28,194,516	-	28,790,322	28,790,322
Cash and cash equivalents	-	221,924	221,924	-	221,924	221,924
Due from related parties [Note 16(b)]	3,842,363	1,962,028	5,804,391	2,547,491	616,621	3,164,112
Due to related parties [Note 16(c)]	3,459,993	18,130	3,478,123	5,987,939	154,580	6,142,519

- (a) A major shareholder, who is a member of the Board of Directors, is also a Board Member of Al Salam Bank - Algeria and Al Salam Bank - Bahrain. The Group has equity investments in Al Salam Bank - Algeria and Al Salam Bank - Bahrain amounting to AED 28.2 million (31 December 2016: AED 28.8 million).

Out of the total shareholding at the reporting date, 106,530 shares amounting AED 7 million of Al Salam Bank - Algeria were held by an ex-management key member (who resigned during 2013 and no longer qualifies as a related party) on trust and for the benefit of the Group and the total shares of Al Salam Bank - Bahrain (5,476,149 shares amounting AED 4.9 million) are held by a company controlled by an ex-management key member (who resigned during 2013 and no longer qualifies as a related party), in trust and for the benefit of the Group. Refer to note 21 for further details.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

16. Related party transactions (continued)

(b) Due from related parties represents the following:

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
International Market Group For General Services	67,671	-
Emirates Taxi	750	-
Fast Rent A Car L.L.C.	-	96,632
Fast Passenger Transport (Fast Limo-Silver Cab L.L.C.)	-	4,350
Nation Hospital (Bin Omeir)	2,444,327	334,262
Bin Omeir Holding Group	1,485,995	1,251,906
Bin Omeir Medical Group	17,986	1,244
Bin Omeir Auto Motive Group	876,926	875,166
Bin Omeir Travel & Tourism Group	126,526	130,221
Bin Omeir Education Foundation	464,516	225,358
P.H Receivable - Yas Mineral Water Bottling	49,980	44,310
First Motors Group	153,469	153,408
Chocolatier Group	83,719	13,051
Al Massa Art Products	-	3,498
National Consultants	32,526	30,706
Total	5,804,391	3,164,112

(c) Due to related parties represents the following:

	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
<i>Entities owned by the Chairman of the Board of Directors</i>		
Ajyal International School – Medical	-	8,818
Bin Omeir Holding Group – General	-	92,323
Emirates Taxi	-	145,762
Fast Service Centre - Abu Dhabi	839,408	3,269,231
Fast Service Centre - Sharjah	10,700	10,700
First Motors - Motor Agent	534,375	534,375
Fast Line Auto Services	2,075,510	2,081,310
Fast Rent A Car L.L.C.	18,130	-
Total	3,478,123	6,142,519

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

16. Related party transactions (continued)

The income and expenses in respect of related parties included in the condensed consolidated financial statements were as follows:

	30 September 2017 (Un-audited)			30 September 2016 (Un-audited)		
	Major shareholders	Other related parties	Total	Major shareholders	Other related parties	Total
	AED	AED	AED	AED	AED	AED
Gross contributions	1,718,052	1,566,995	3,285,047	1,108,816	389,061	1,497,877
Gross claims (paid)	424,124	2,030,393	2,454,517	80,315	16,831,014	16,911,329
Loss share on wakala deposits	-	75,000	75,000	-	24,918	24,918

Compensation of key management personnel was as follows:

	Nine months period ended 30 September	
	2017	2016
	AED	AED
	(Un-audited)	(Un-audited)
Short term employee benefits	1,402,007	1,262,190
End of service benefits	42,408	42,564
Total compensation paid to key management personnel	1,444,415	1,304,754

17. Segmental information

Operating Segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Company's management in order to allocate resources to the segment and to assess its performance. Information reported to the Company's Board of Directors for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Takaful:** include the general, life and medical insurance business undertaken by the Group.
- **Investments:** represent investment and cash management for the Group's own account.
- **Other:** represent income and expense activities conducted by the subsidiaries and included in this consolidated financial report

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

Notes to the condensed consolidated financial statements for the period from 1 January 2017 to 30 September 2017 (continued)

17. Segmental information (continued)

The following table presents segment information for the nine months' period ended 30 September 2017 and the nine m

	Nine month period ended 30 September 2017 (Un-audited)					Nine month period	
	Takaful AED	Investments AED	Other AED	Eliminations AED	Total AED	Takaful AED	Inves
Takaful							
Takaful income	119,837,451	-	-	-	119,837,451	148,474,033	
Takaful expenses	(67,357,687)	-	-	-	(67,357,687)	(101,421,228)	
Net Takaful income	52,479,764	-	-	-	52,479,764	47,052,805	
Wakala fees	(60,828,006)	60,828,006	-	-	-	(51,628,302)	51,6
Mudarib fees	(49,881)	49,881	-	-	-	(579,015)	5
Commission paid	-	(21,160,425)	-	-	(21,160,425)	-	(22,6
	(8,398,123)	39,717,462	-	-	31,319,339	(5,154,512)	29,5
Investment income	199,525	1,136,252	-	-	1,335,777	2,316,062	2,5
Unallocated expenses	-	(25,606,771)	(17,623,656)	-	(43,230,427)	-	(27,0
Other income	-	-	14,333,105	-	14,333,105		
Net (loss)/profit for the period	(8,198,598)	15,246,943	(3,290,551)	-	3,757,794	(2,838,450)	5,0

Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)

17. Segmental information (continued)

Other information

	Takaful		Investment		Total	
	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)	30 September 2017 AED (Un-audited)	31 December 2016 AED (Audited)
Segment assets	1,013,181,543	1,020,893,313	211,932,517	211,156,806	1,225,114,060	1,232,050,119
Segment liabilities	1,154,764,017	1,169,227,155	10,250,000	10,250,000	1,165,014,017	1,179,477,155

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

18. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated income statement for the period from 1 January 2017 to 30 September 2017 and for the period from 1 January 2016 to 30 September 2016.

19. Contingencies

- (a) At reporting date, the Group has contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business amounting AED 0.7 million (31 December 2016: AED 0.7 million).
- (b) The Group, in common with other insurance companies, is involved as a defendant in a number of legal cases with other insurance, reinsurance and customers. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Group in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made. The expected outcome of the cases is dependent on future legal proceedings.

20. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Differences can therefore arise between book value under historical cost method and fair value estimates.

(a) Fair value of financial instruments measured at amortised cost

The management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value

Valuation of financial instruments recorded at fair value, is based on quoted market prices and other valuation techniques.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

20. Fair value of financial instruments (continued)

(b) Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

Fair value of the financial assets that are measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 September 2017 AED'000 (Un-audited)	31 December 2016 AED'000 (Audited)				
Financial assets at FVTOCI						
Quoted equity securities	66,302	62,133	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	35,358	35,758	Level 3	Net assets valuation method and comparable, multiples approach	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	8,772	11,766	Level 1	Quoted bid prices in an active market.	None	N/A
Unit linked investments	635,842	595,587	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of the levels during the period.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

20. Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTOCI:

	30 September 2017 AED'000 (Un-audited)	31 December 2016 AED'000 (Audited)
At 1 January	35,758	35,758
Changes in fair value	(400)	-
At end of the period/year	35,358	35,758

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTPL:

	30 September 2017 AED'000 (Un-audited)	31 December 2016 AED'000 (Audited)
At 1 January	595,587	556,782
Net change during the period/year	40,255	38,805
At end of the period/year	635,842	595,587

The investments classified under Level 3 category have been fair-valued based on information available for each investment. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

21. Significant events

An ex-management key member of the Group resigned on 10 July 2013. The Company entered into an agreement with the ex-managemenet key member on 9 July 2013 for the payment and/or transfer of certain assets and investments that were held by him or by entities controlled by him on trust and for the benefit of the Group. Given the delay in settlement and the level of uncertainty involved is considered as an exceptional outstanding matter, for which the chances of favourable outcome cannot be fully guaranteed. However, the Board of Directors is confident in the realization of a minimum of the carrying value of assets due from him and therefore no adjustments to the carrying value of the assets are required.

The settlement agreement referred to above contains the following 3 clauses:

- (a) The advance of AED 5,358,581 to invest in a real estate project in the Emirate of Ajman will be returned to the Company.
- (b) Transfer of shares of Al Salam Bank - Bahrain (currently held under the name of Leader Capital) together with the payment of any associated dividends due, to the Company's name.
- (c) Transfer of legal ownership of Al Salam Bank - Algeria shares held by an ex-management key member to the Company's name.

The Company has received an amount of AED 2.3 million during prior years against the advance mentioned in clause (a) above.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

22. Effect of changes in accounting policies and the application of the new insurance regulation

Restatement of comparative information for the period ended 30 September 2016

During the period 2016, the Group adapted the directives of federal law number 6 of 2007, Consequently, the Group has changed its accounting policy for accounting for unearned contribution reserve switching from 1/8 method to 1/365 method. In addition, the Group has also reclassified its reserves out of additional reserve into multiple reserve captions within the condensed consolidated statement of financial position and the condensed consolidated income statement in order to align it to the requirements of the insurance authority.

All reserves have been computed by the internal actuary using statistical models and verified by the Company externally appointed actuary. Reserves booked by the group are identical to those determine by the external actuary.

Financial statements for the nine months' period ended 30 September 2016 were issued prior to the change in the aforementioned accounting policy. Therefore, the comparative information of these financial statements for the nine months' period ended 30 September 2016 has been restated to conform to the revised accounting policy.

The effect of the change in the accounting policy on the condensed consolidated income statement and related notes for the nine months' period ended 30 September 2016 are mentioned below:

	As previously reported AED	Adjustment AED	Restated AED
Net transfer to unearned contributions reserve	470,233	(3,499,203)	(3,028,971)
Net of outstanding claims	(917,446)	1,525,710	608,264
Additional reserve	(13,533,573)	13,533,573	-
Increase in mathematical reserve	-	(1,079,447)	(1,079,447)
Increase in incurred but not reported claims	-	(7,911,196)	(7,911,196)
Increase in allocated loss adjusted expense reserve	-	(112,776)	(112,776)

The change in the accounting policy resulted in a decrease in previously reported losses for the period ended 30 September 2016 by AED 2,456,661 and consequently increase basic earnings per share by AED 0.011.

23. Comparative figures

- Certain comparative figures have been reclassified to align the presentation of the interim financial information to the requirement of the insurance authority.
- As per Article (3) of Section 7 to the Financial Regulation of Takaful Insurance Companies, the shareholder account should bear all operational, administrative and general expenses for takaful insurance business. Accordingly, effective 1 January 2016, the policy acquisition cost has been classified in the condensed consolidated income statement as attributable to shareholders.

**Notes to the condensed consolidated financial statements
for the period from 1 January 2017 to 30 September 2017 (continued)**

24. Non-controlling interest

During the period ended 30 September 2016, the ownership structure of Amity Health L.L.C. changed to being 90% owned by Nawat Investments L.L.C (subsidiary) and 10% owned by CEO of Amity Health L.L.C through capitalization of shareholders' funds. This resulted in a decrease in the non-controlling interest in the subsidiary by AED 7,294,000.

The movement on the non-controlling interest during the period is as follows:

	30 September 2016 AED'000 (Un-audited)
At beginning of the period	(8,441,330)
Loss for the period attributable to non-controlling interest	(300,071)
Introduction of new share capital in non-controlling interest	353,000
Net change in non-controlling interest due to change in ownership percentage	8,091,591
At end of the period	(296,810)

25. Approval of the interim financial information

The interim financial information were approved by the Board of Directors and authorised for issue on 12 November 2017.